



Center City Real Estate Disposition: Brooklyn Village Parcels

Mecklenburg Board of County
Commissioners

May 19, 2016

Overview

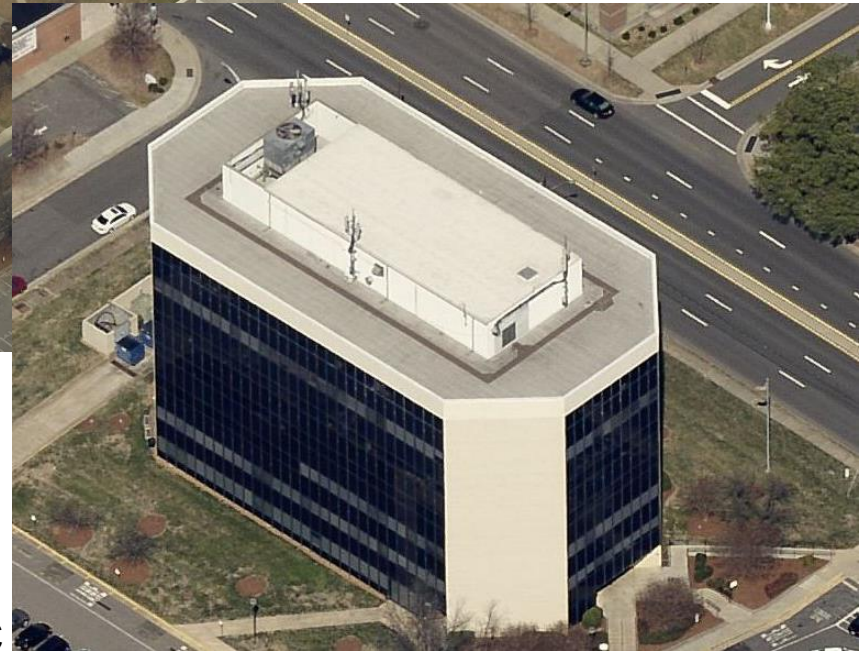
- Brooklyn Village Parcels
- Guiding Principles
- Process Review
- Proposals
- Summary
- Next Steps



Brooklyn Village Parcels



Education Center/Marshall Park, 11.34 AC



Robert L. Walton Plaza, 5.74 AC



Guiding Principles

- Facilitate the **best long-term economic impact**, for the County and the community at large
- Select a proven development partner/partners, with a focus on **performance** and **quality**
- Engage residents and key stakeholders, **incorporating appropriate input wherever possible**
- Receive the **greatest possible immediate financial return**, while balancing development commitments and an enhanced quality of life



Goals in Second Ward Master Plan

- Provide a **livable** and **memorable** 18 hour urban neighborhood
- Provide a **variety of housing types** with unique infrastructure
- Provide a **variety of unique parks and open space**
- Provide **workforce housing** in each phase of development
- Provide the **integration of historic references** throughout the neighborhood for identity
- Provide a **neighborhood approach** to parking



Process Review

RFQ

- Response period: October 21, 2016 – November 14, 2015
- Pre-bid conference November 3, 2015
- Evaluations completed December 11, 2015 and results shared with Board

RFP
Response

- Response period: December 18, 2015- March 4, 2016

RFP
Evaluation

- Board reviewed and approved evaluation criteria March 2016
- Committee evaluations conducted
- Interviews with selected firms held
- Final evaluations were made prior to May 2, 2016

Today

- **Responses have been shared with Board**
- **Request that Board provide direction at this meeting**
- **Negotiations to begin subsequently**



Process Review

- Developed two-phase approach
- Engaged internal resources and HR&A Advisors, Inc.
- Established steering committee of key stakeholder organizations
- Created www.charmeck.org/redevelopment and reddevelopment@mecklenburgcountync.gov
- Accepted RFQ responses and confirmed selections of teams to advance to Phase II (RFP)

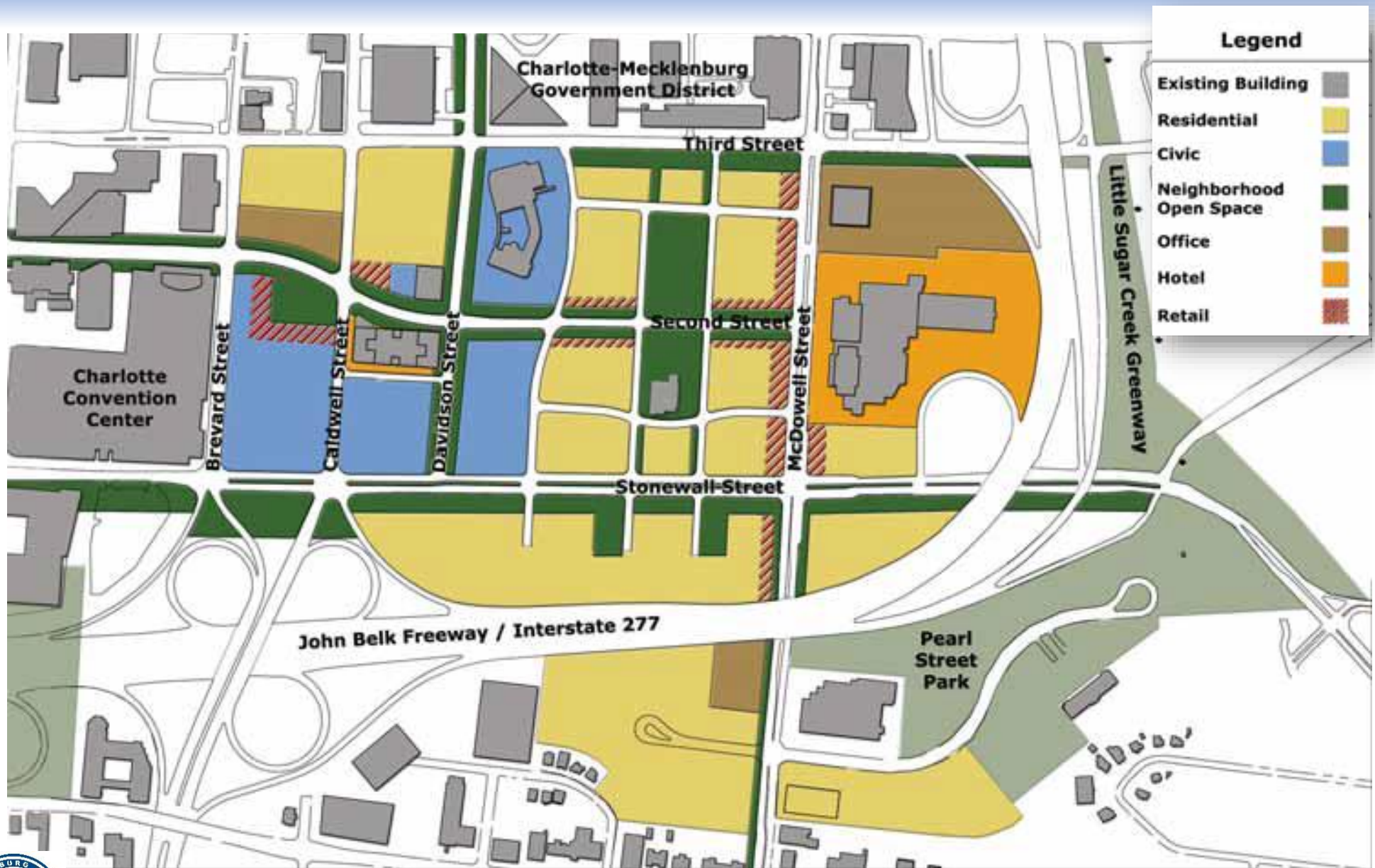


Process Review

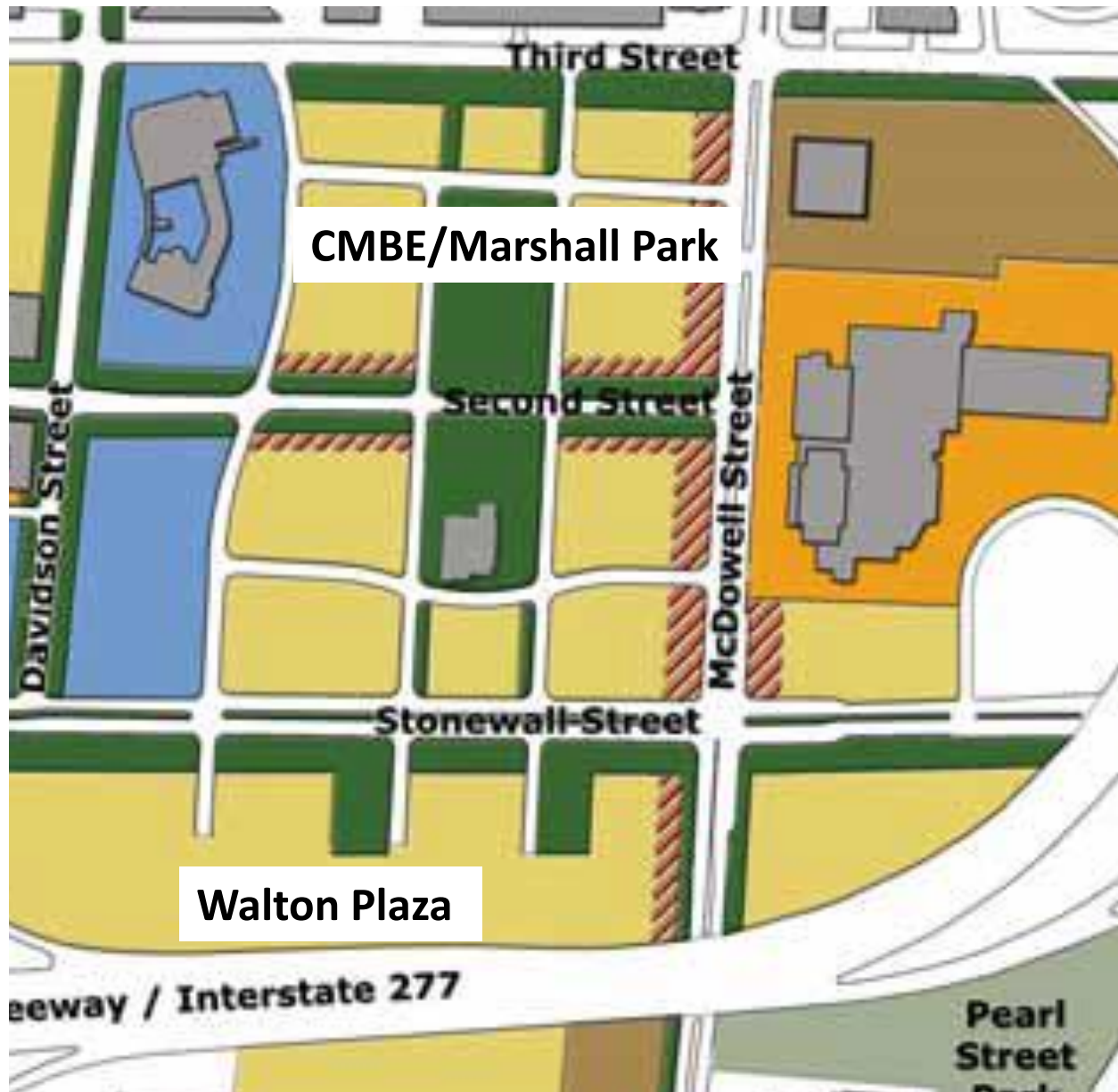
- Request for Proposals (RFP) phase limited to three firms:
 - **BK Partners** (Conformity)
 - **CitiSculpt**
 - **Crescent**
- Board confirmed proposal evaluation criteria to be used by Steering Committee and by HR&A:
 - Redevelopment Approach
 - Financial Offer and Terms
 - Relevant Experience and Qualifications
 - Financial Soundness and Capability
 - Interview



Review: Second Ward Master Plan



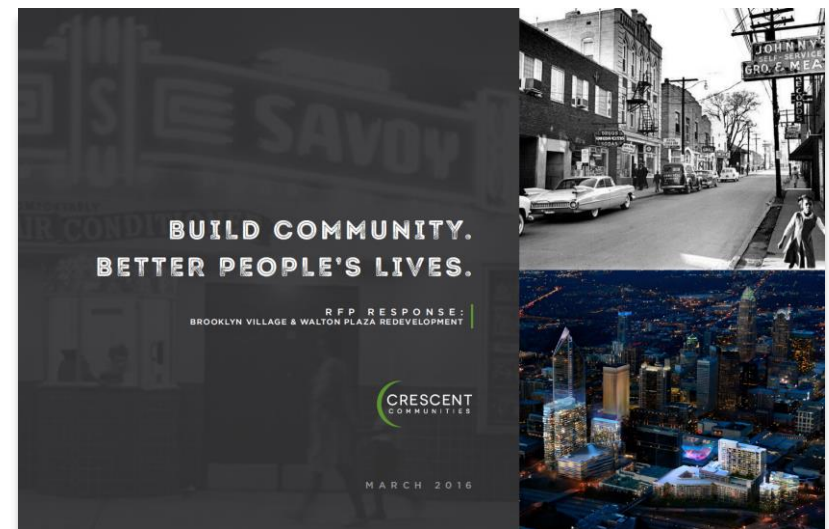
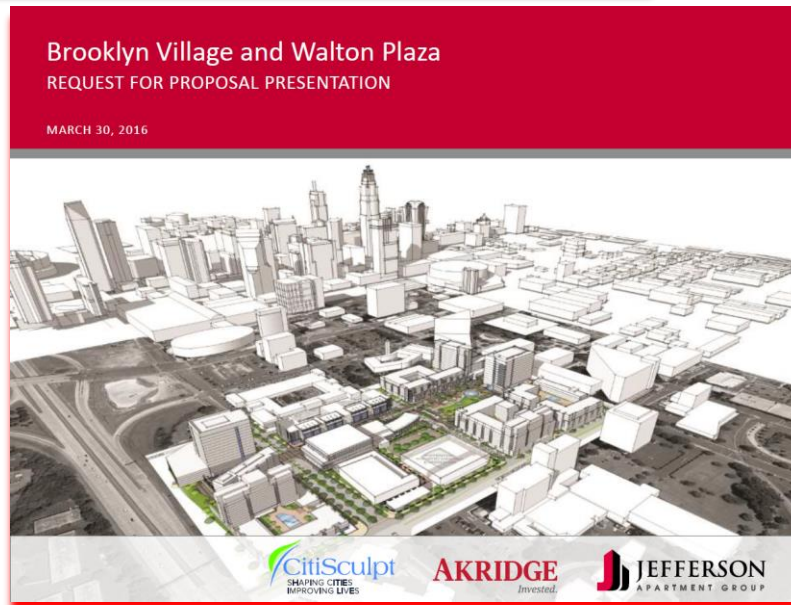
Review: Second Ward Master Plan



Legend	
Existing Building	
Residential	
Civic	
Neighborhood Open Space	
Office	
Hotel	
Retail	



Proposals



Proposals: Key Elements

- **Development Team and Qualifications**

- All team members involved in development of vertical and horizontal improvements, and key relevant experience

- **Horizontal Development Program**

- At least 1.6 acres of open space, of which 1.5 acres is intended for recreation

- **Affordable Housing Requirement**

- A minimum of 30 affordable housing units for households with an annual income of 80% and below of area median income

- **Deal Structure and Program Delivery**

- Description of the County's role in development, if any

- **Financial Statements and Financing Plan**

- Description of the team's track record of successfully financing and executing similar projects



BK Partners



BK Partners: Program

Use	GSF/Units
Residential	1,187,000 SF
<i>Residential Units</i>	1,244 units
<i>% Affordable</i>	10%*
Hotel	185,500 SF
<i>Hotel Rooms</i>	280 rooms
Retail	252,100 SF
Office	680,700 SF
Cultural Venue	3,700 SF
Parking	2,312 spaces
Total	2,309,000 SF
Open Space	1.9 ac



BK Partners: Vision



BK Partners: Vision

Brooklyn Village North



Brooklyn Village South



BK Partners: Team

Conformity Corporation

- Mecklenburg County firm
- 20 year history

The Peebles Corporation

- Managing general partner
- Largest minority-owned real estate developer in U.S.

Stantec Consulting Services

- Global design firm
- Charlotte office



BK Partners: Financial Offer

	Total
Land Payment (Nominal)	\$33,700,000
Land Payment (Net Present Value)*	\$27,050,000
+ Private Funding for Open Space	\$9,708,000
+ Private Funding for Horizontal Improvements	\$13,422,000
Effective Payment to County	\$50,180,000

- Land payment to be delivered in three phases, upon entitlement
- Offers full private support for horizontal improvements
- Offer does not contemplate purchase of the old Metro School site
- Affordable housing is a direct deduct to land value, rather than utilizing program-specific financing



* Assumes land payment in 2019, 2021, and 2023 and 6% discount rate

BK Partners: HR&A Evaluation

- **Long-term economic impact:**
 - Significant new office space, hotel, and mix of retail will generate economic activity on-site
 - Proposal emphasized commitment to MWBE utilization and workforce training
- **Development program & team:**
 - 2.3 million square foot program includes a mix of uses, creating an active neighborhood between the sites
 - Early delivery of open space, cultural venue, and affordable housing
 - Development team has strong experience in development high-quality buildings, but lacks master planning experience
- **Engagement:**
 - The team started with early engagement and is committed to involving the community in their process
- **Financial offer:**
 - The highest effective payment to the County, with no request of public funding for horizontal improvements
 - Confirmed interest from financial and operating partners
 - Offer requires further testing to ensure market feasibility

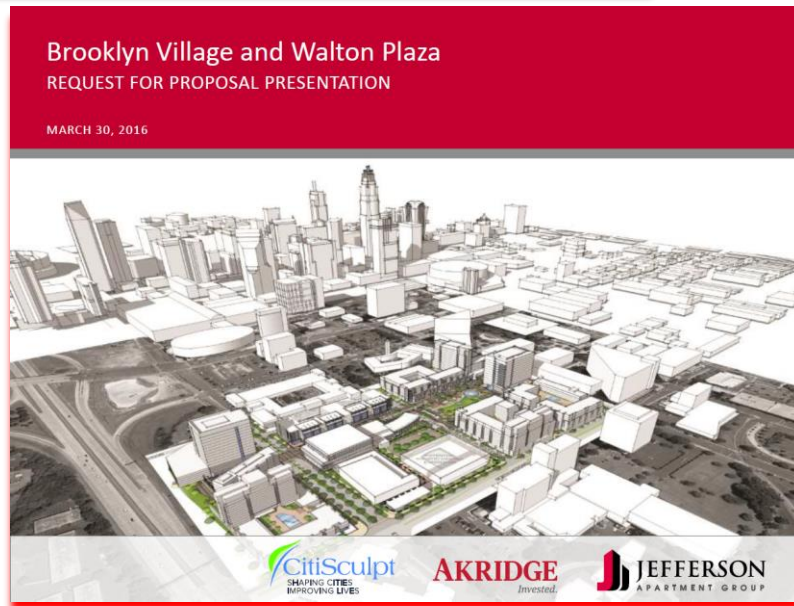
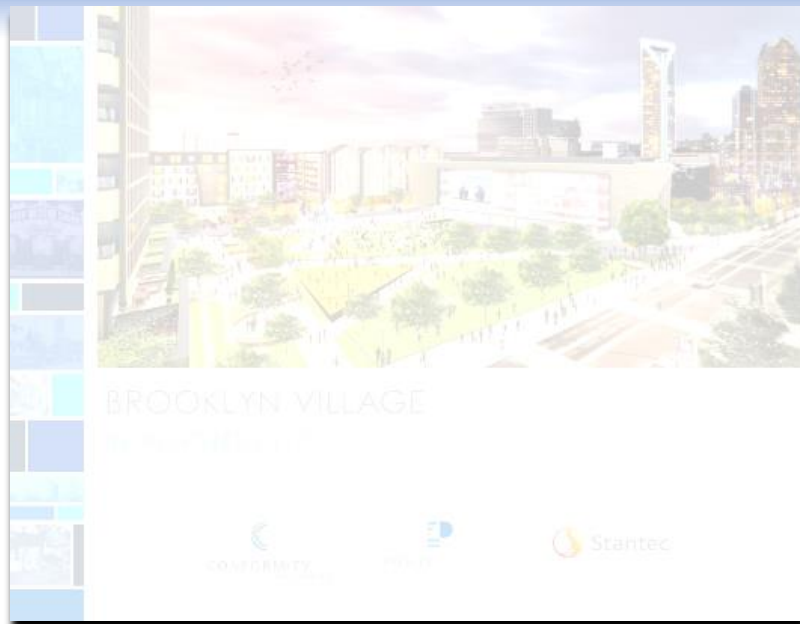


BK Partners: Steering Committee Evaluation

	TOTAL AVERAGED	PERCENT
Redevelopment Approach		
<i>mix of uses; high quality; reflects market potential</i>	4.71	
<i>supports long term economic developmen; produces jobs during construction AND operations</i>	4.43	
<i>minimum 15 year commitment to affordable housing</i>	4.29	
<i>respects history and context</i>	4.29	
Financial Offer and Terms		
<i>comprehensive financing plan for all components</i>	3.86	
Relevant Experience and Qualifications		
<i>relevant recent past experience with projects similar in vision, scope, size, and challenges</i>	3.71	
<i>public-private partnerships</i>	3.57	
Financial Soundness and Capability		
<i>record of meeting past project obligations</i>	4.00	
<i>ability to secure project financing, for development as well as ongoing operations</i>	3.86	
Interview	3.86	
TOTAL	40.57	81.14%



CitiSculpt/Akridge/Jefferson



CitiSculpt/Akridge/Jefferson: Program

Use	Scheme A	Scheme B
Residential	985,000 SF	1,758,000 SF
<i>Residential Units</i>	<i>1,161 units</i>	<i>1,934 units</i>
<i>% Affordable</i>	<i>8%*</i>	<i>8%*</i>
Hotel	221,000 SF	221,000 SF
<i>Hotel Rooms</i>	<i>352 rooms</i>	<i>352 rooms</i>
Retail	93,000 SF	129,000 SF
Office	560,000 SF	560,000 SF
Parking	2,333 spaces	3,032 spaces
Total	1,859,000 SF	2,668,000 SF
Open Space	1.6 ac	1.6 ac



* Reserved for households at 80% Area Median Income

CitiSculpt/Akridge/Jefferson: Vision



CitiSculpt/Akridge/Jefferson: Vision



CitiSculpt/Akridge/Jefferson: Team

CitiSculpt

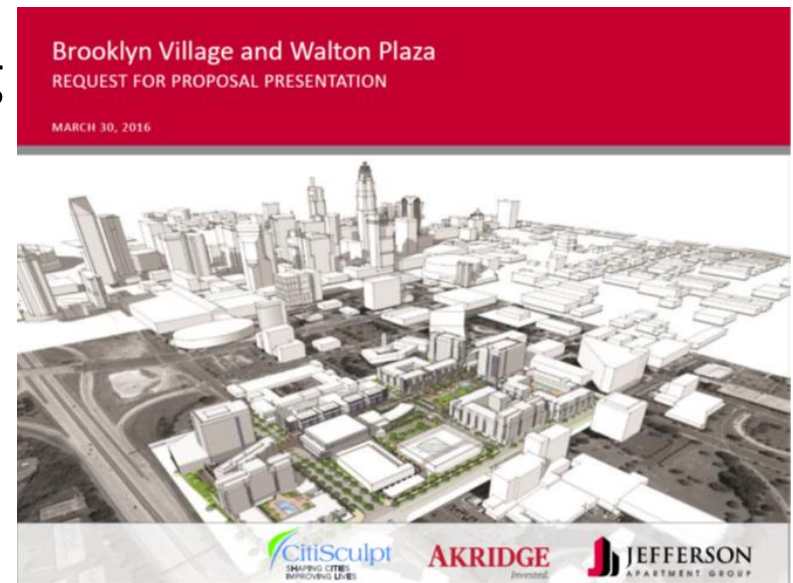
- Mecklenburg County firm
- Managing partners have more than 45 years experience

Akridge

- Washington, D.C. based
- Vertically integrated real estate firm

Jefferson Apartment Group

- D.C.-area headquarters
- Full-service company specializing in multi-family and mixed-use



CitiSculpt/Akridge/Jefferson: Financial Offer

	Total	Total
	Scheme A	Scheme B
Land Payment (Nominal)	\$40,540,000	\$35,280,000
Land Payment (Net Present Value)*	\$35,420,000	\$30,640,000
<i>Public Funding for Open Space</i>	<i>(\$3,884,000)</i>	<i>(\$3,884,000)</i>
<i>Public Funding for Horizontal Improvements</i>	<i>(\$13,116,000)</i>	<i>(\$13,116,000)</i>
Effective Payment to County	\$18,420,000	\$13,640,000

- Land payment to be delivered over four years as sub-parcels are entitled
- Proposal requests County assistance in:
 - Funding ~\$17 million in horizontal improvements
 - Acquiring the Old Metro School site
- Affordable housing is a direct deduct to land value, rather than utilizing program-specific financing



*Assumes land payments in 2018, 2019, 2020, and 2021 with escalation of land payment by 1.2% each year and discount rate of 6%

CitiSculpt/Akridge/Jefferson: HR&A Evaluation

- **Long-term economic impact:**
 - Mix of uses in each phase of development, including office, hotel, and retail, will provide long-term economic activity on the sites
- **Development program & team:**
 - 1.9 to 2.7 million square foot programs offer a mix of uses, with higher residential density in Scheme B
 - Thoughtful approach to open space, site design, and potential to incorporate the old Metro School site, with open space delivered in Phase 1 of development
 - Development team has strong experience executing master plans in other markets
 - During the interview, the team was not committed to their program
- **Engagement:**
 - Thorough community engagement strategy and creative approach to civic space
- **Financial offer:**
 - Moderate offer, requiring public funding for all planned horizontal improvements
 - Confirmed interest from strong financial partners

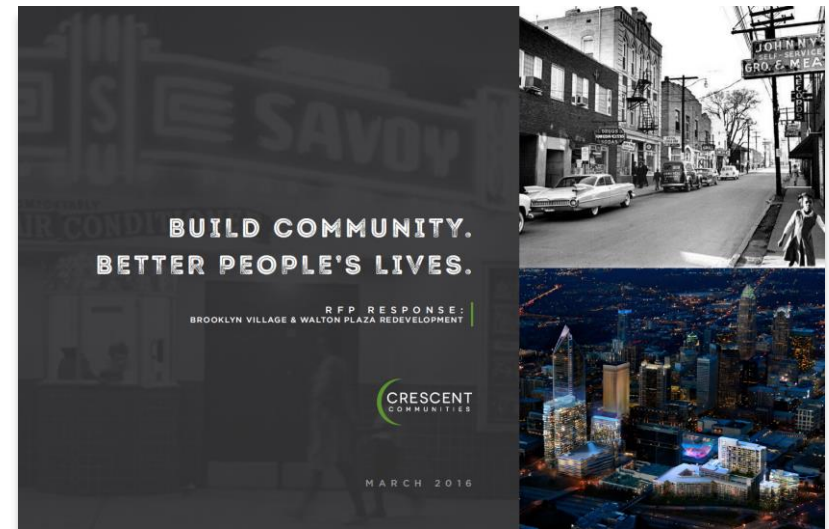
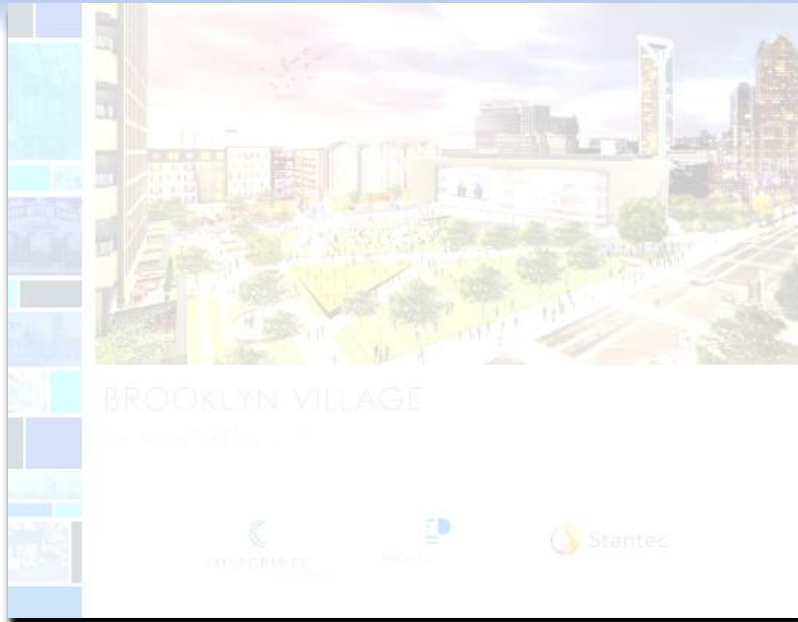


CitiSculpt/Akridge/Jefferson: Steering Committee Evaluation

	TOTAL AVERAGED	PERCENT
Redevelopment Approach		
<i>mix of uses; high quality; reflects market potential</i>	4.14	
<i>supports long term economic development; produces jobs during construction AND operations</i>	3.86	
<i>minimum 15 year commitment to affordable housing</i>	3.86	
<i>respects history and context</i>	3.86	
Financial Offer and Terms		
<i>comprehensive financing plan for all components</i>	3.43	
Relevant Experience and Qualifications		
<i>relevant recent past experience with projects similar in vision, scope, size, and challenges</i>	4.14	
<i>public-private partnerships</i>	4.29	
Financial Soundness and Capability		
<i>record of meeting past project obligations</i>	4.14	
<i>ability to secure project financing, for development as well as ongoing operations</i>	4.29	
Interview	2.00	
TOTAL	38.00	76.00%



Crescent Communities



Crescent: Program

Use	GSF/Units
Residential	839,000 SF
<i>Residential Units</i>	<i>875 units</i>
<i>% Affordable</i>	<i>19%*</i>
Hotel	0 SF
<i>Hotel Rooms</i>	<i>0 rooms</i>
Retail	30,000 SF
Office	185,000 SF
Parking	TBD
Total	839,000 SF
Open Space (Old Metro School Site)	~1.3 ac
Open Space (Brooklyn Village/Walton Plaza)	~0.3 ac



* Reserved for households at 60% Area Median Income (AMI) (64 units), 100% AMI (48 units), and 100%+ AMI (48 units)

Crescent: Vision



Crescent: Vision



Crescent: Team

Crescent Communities

- Mecklenburg County firm
- More than 50 year history

Laurel Street Residential

- Mecklenburg County firm
- Mixed-income residential developer

The Drakeford Company

- Mecklenburg County firm
- Infill residential focus



Crescent: Financial Offer

	Total
Land Payment (Nominal)	\$28,000,000
Land Payment (Net Present Value)*	\$23,790,000
- Private Funding for Open Space	Unspecified
- Private Funding for Horizontal Improvements	Unspecified
Effective Payment to County	TBD

- Land payment to be delivered in two phases, though the revised split between phases remains unclear
- Proposal requests County assistance:
 - For an unspecified amount of funding for improvements including open space, renovation of the Second Ward gym, and demolition of Walton Plaza, along with other infrastructure improvements
 - To acquire the Old Metro School site



*Assumes land payment in 2017 and 2022 and 6% discount rate

Crescent: HR&A Evaluation

- **Long-term economic impact:**
 - Smallest commercial program of all proposals, will not foster significant on-site economic activity
- **Development program & team:**
 - Lowest-density program overall with 839,000 square feet, of which 80% is residential
 - Largest percentage of affordable housing amongst respondents, with a significant concentration on the Walton Plaza site
 - Team brings local master plan, mixed-use, and affordable housing development experience
- **Engagement:**
 - Thorough community engagement strategy, though a limited approach to public programming on-site
- **Financial offer:**
 - Requests public support for horizontal improvements, without specifying the investment required
 - Unclear support from financial partners or lenders
 - The proposal is contingent on acquisition of the old Metro School site, and does not fulfill RFP requirements

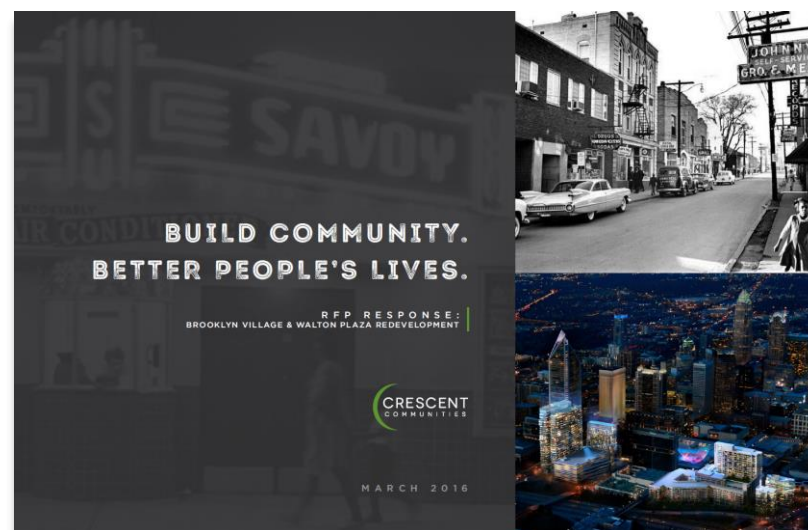
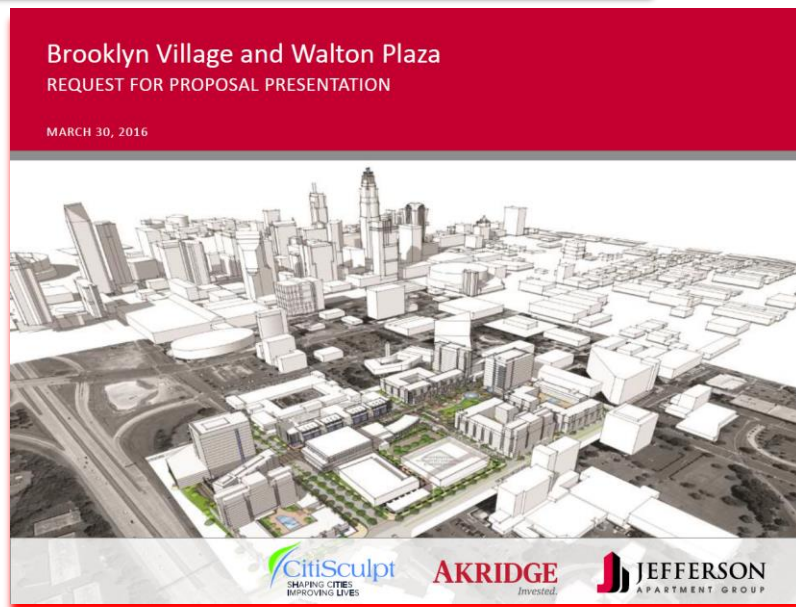


Crescent: Steering Committee Evaluation

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Redevelopment Approach		
<i>mix of uses; high quality; reflects market potential</i>	3.29	
<i>supports long term economic development; produces jobs during construction AND operations</i>	3.57	
<i>minimum 15 year commitment to affordable housing</i>	4.43	
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Financial Offer and Terms		
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<i>public-private partnerships</i>	3.86	
Financial Soundness and Capability		
<i>record of meeting past project obligations</i>	3.71	
<i>ability to secure project financing, for development as well as ongoing operations</i>	4.00	
Interview	2.79	
TOTAL	37.79	75.57%



Proposal Summaries & Comparisons



HR&A Summary & Comparison

	BK Partners	Citisculpt Sch. A	Citisculpt Sch. B	Crescent
Residential (SF)	1,187,000	985,000	1,758,000	839,000
<i>Total Residential Units</i>	<i>1,244</i>	<i>1,161</i>	<i>1,934</i>	<i>875</i>
<i>% Affordable</i>	<i>10%</i>	<i>8%</i>	<i>8%</i>	<i>19%</i>
Hotel (SF)	185,500	221,000	221,000	-
Retail (SF)	252,100	93,000	129,000	30,000
Office (SF)	680,700	560,000	560,000	185,000
Total Parking Spaces	2,312	2,333	3,032	TBD
Total GSF	2,309,000¹	1,859,000	2,668,000	1,054,000
Open Space Acreage	1.9	1.6	1.6	1.6
Land Payment (Nominal)	\$33,700,000	\$40,540,000	\$35,280,000	\$28,000,000
Land Payment (Net Present Value)	\$27,050,000 ²	\$35,420,000 ³	\$30,640,000 ⁴	\$23,792,000
Private Funding for Open Space	\$9,708,000	(\$3,884,000)	(\$3,884,000)	Unspecified
Private Funding for Horiz. Imp.	\$13,422,000	(\$13,116,000)	(\$13,116,000)	Unspecified
Effective Payment to County	\$50,180,000	\$18,420,000	\$13,640,000	TBD

(1) Includes 3,700 SF for cultural venue.

(2) Assumes land payment in 2019, 2021, and 2023 and 6% discount rate.

(3) Assumes land payments in 2018, 2019, 2020, and 2021 with escalation of land payment by 1.2% each year and discount rate of 6%.

(4) Assumes land payment in 2017 and 2022 and 6% discount rate.



HR&A Evaluation Summary

BK Partners

- Most responsive to RFP and fulfills or exceeds County objectives to create a mixed-use community that responds to the goals of the Second Ward Master Plan
- Most competitive offer and most diverse program, but team has limited master planned development experience

CitiSculpt/Akridge/Jefferson

- Program and offer are responsive to the RFP and align with County objectives, if delivered as proposed
- Reasonable offer, diverse program, and strong team experience
- Lacked commitment to program

Crescent Communities

- Program is not responsive to RFP and does not fulfill County objectives
- Team has strong local experience, but provides an offer that is contingent on the old Metro School site, may lack sufficient open space, and is based on a heavily residential program



Steering Committee Summary & Comparison

	BK PARTNERS		CITISCULPT/AKRIDGE/ JEFFERSON		CRESCENT COMMUNITIES	
	TOTAL AVERAGED	PERCENT	TOTAL AVERAGED	PERCENT	TOTAL AVERAGED	PERCENT
Redevelopment Approach						
<i>mix of uses; high quality; relects market potential</i>	4.71		4.14		3.29	
<i>supports long term economic development; produces jobs during contruction AND operations</i>	4.43		3.86		3.57	
<i>minimum 15 year commitment to affordable housing</i>	4.29		3.86		4.43	
<i>respects history and context</i>	4.29		3.86		4.29	
Financial Offer and Terms						
<i>comprehensive financing plan for all components</i>	3.86		3.43		3.57	
Relevant Experience and Qualifications						
<i>relevant recent past experience with projects similar in vision, scope, size, and challenges</i>	3.71		4.14		4.29	
<i>public-private partnerships</i>	3.57		4.29		3.86	
Financial Soundness and Capability						
<i>record of meeting past project obligations</i>	4.00		4.14		3.71	
<i>ability to secure project financing, for development as well as ongoing operations</i>	3.86		4.29		4.00	
Interview	3.86		2.00		2.79	
TOTAL	40.57	81.14%	38.00	76.00%	37.79	75.57%



Possible Next Steps

- **Board of County Commissioners makes a selection today**

- Board authorizes County Manager to engage in greater due diligence around selected firm immediately
- County Manager will request authorization to initiate formal negotiations and stakeholder engagement process

- **Board of County Commissioners “short lists” today**

- Board authorizes County Manager to engage in greater due diligence around the two “short listed” firms
- County Manager returns in July with results of due diligence
- Board determines other information necessary to finalize selection
- County Manager will request authorization to initiate formal negotiations and stakeholder engagement process

- **Other options**



Discussion

